

The Dominican Republic: Growing Market for Livestock and Related Products

By Carlos G. Suárez

If you export livestock or animal products, don't discount the Dominican Republic. This small country, sandwiched between the North Atlantic and the Caribbean, has always packed a punch in rendered products, but now has more potential for fats and oils, raw hides, meat and livestock genetics as well.

U.S. Rendered Products Are Preferred

The United States is the leading supplier of tallow, yellow grease and inedible fats and oils to the Dominican Republic. Exporters should be aware, however, of new factors that could affect demand.

Practically all the tallow is used for soap, and most of it comes from the United States.

But if more Dominican consumers become wise to the wonders of detergents, and earn enough to afford them, the market for tallow will taper as detergents slowly gain ground.

For now, however, the tallow market is strong because the alternative is just too costly for most consumers in the Dominican Republic. It is difficult to accurately estimate domestic tallow production, but industry sources suggest it is about 2,000 metric tons a year. That is less than 10 percent of the total domestic requirement.

Domestic soap demand has remained relatively stable since 1995. Dominican soap makers meet that demand and produce enough to sell significant volumes to nearby nations, particularly Haiti.

Future growth in tallow exports will





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be determined almost exclusively by the price and availability of substitutes such as domestic or imported crude palm oil.

So what do the trade numbers show? In fiscal year 1998, the United States exported 23,995 metric tons of inedible tallow. For fiscal year 1999, exports went up slightly to 24,054 tons, an increase valued at about \$8 million. The first eight months of fiscal year 2000, however, suggest a decrease.

Animal Feed: A New Lease on Grease

Another rendered product important to the United States is yellow grease, a term for fat that's recycled after restaurant food preparation. While yellow grease is not refined for sale in the Dominican Republic, it has proved to be an economical source of fat for the feed industry, mainly used in hog and poultry rations. In recent years, there has been a shift to the less expensive inedible fats and oils category.

Since modern breeds of poultry and swine require more fat in their feed formulations, there is growth potential in this market. Local production is minimal, so the

industry depends almost exclusively on imports from the United States, which have averaged about 12,500 metric tons annually during the last five years. This includes a dramatic increase to 22,500 metric tons in 1999, valued at \$6.4 million.

Beef: The Challenge of Scarcity

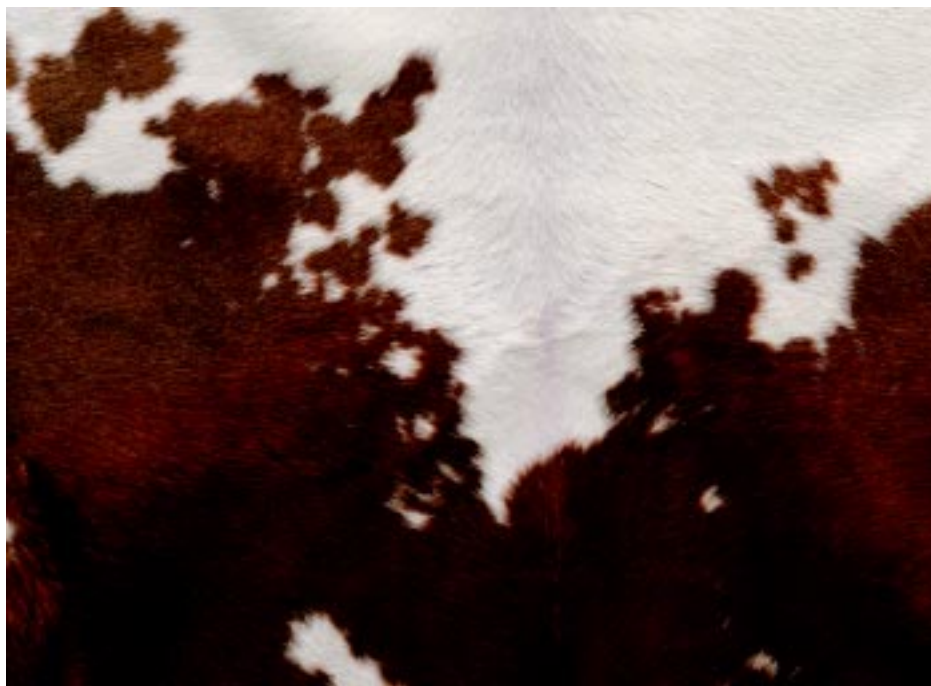
Over 90 percent of the Dominican Republic's meat imports come from the United States. The only competition comes from specialty cuts and cured products from Spain and some industrial-grade meat from Central America.

In fact, the Dominican Republic is the strongest consumer of U.S. livestock and meats in the region, reaching historical highs in fresh, chilled, frozen and processed beef and veal.

The Dominican Republic's domestic cattle industry has suffered not only from Hurricane Georges in 1998, but also from drought in 1999 and 2000. Weather woes also damaged grazing pasture and cropland.

The result: less domestic beef and higher prices.

In addition, the tourist industry continues to need a steady supply of quality beef, which further depletes supply and keeps prices high.



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The upshot for U.S. beef producers? High-end hotels and restaurants present the best opportunity for promotion of their products, since consumers tend to choose less expensive sources of protein such as poultry.

American beef and veal have a cachet that resonates with a small but growing quality-conscious sector of the market. Be forewarned, though: high tariffs and problems clearing Dominican customs discourage some hotels from buying U.S. beef.

Exports of beef products to the Dominican Republic reached an all-time high in 1999 of more than 3,000 tons, valued at \$5 million. It grew again in 2000 by a few tons. Local production is clearly not ready to satisfy demand—despite the higher cost of imported meat.

One problem to consider when planning to sell beef or veal to the Dominican Republic is the limited refrigeration and cold-storage capacity. Before you close a sale, ensure that your buyer can keep the meat cold.

Raw hides climbing

The Dominican raw hide processing industry supplies nearby countries. In addition to importing leather and skins for shoe manufacturing industries that operate off-shore, raw hides are imported for processing into good-quality leather for the domestic and export market. Imports of raw hides from the United States increased from 75,000 pieces in 1998 to 142,000 hides in 1999, valued at \$6 million.

Outreach Opportunities in Genetics

Perhaps the best long-term opportunities are for U.S. suppliers of bovine genetics. Dominican farmers and ranchers

have a real incentive to restore their cattle herds, thanks to rising beef and milk prices.

The cattle breeds most common in the Dominican Republic include Brahman, Brown Swiss and Holstein. All three are routinely crossed with the domestic *criollo*.

Simple genetic improvements are usually achieved through artificial insemination, using local and imported semen from the United States and Canada, or by importing quality breeding bulls. Embryo transfer is not commonly practiced.

One strategy to become more competitive in this market is through collaborative breeding efforts and participation in livestock shows.

FAS has recently joined forces with other agencies to work with local livestock organizations, and has also participated in the country's largest livestock show. The

hundreds of Dominican and foreign visitors who visited the booth last March were also offered access to sources of technical information.

U.S. livestock associations are also working with USDA and PATRONATO, the Dominican Republic's National Agriculture and Livestock Organization. The American Holstein, Brown Swiss and Brahman Associations are involved at PATRONATO's annual livestock show held in Santo Domingo, funding judges and presenting seminars. ■

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